
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes September 20, 2007

Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, September 20, 2007. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Roger Umbaugh, Tony Samuel, Richard Besinger, Denise Seger, Joe Bronnert, David Bowen, Chuck Nemeth, Morris Mills and Kaitlin Boldt, Administrative Officer.

Minutes and Discussion: August 16, 2007 meeting minutes.

Community School Corporation of Southern Hancock County, Hancock

County: Officials request approval of a lease rental agreement with maximum annual payments of \$498,000 for a term of 17 years. Total project costs are \$5,145,000. The tax rate impact is \$0.0407 with a new facility rate impact of \$0.0088 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote and the Awarding Agency's Taxpayer Representative absent. There was no application for a petition and remonstrance process. The construction cost per square foot of the addition to New Palestine Elementary is 1.55% above the DLGF baseline.

Present for the hearing was Jim Halik, Superintendent; Bob Yoder, Assistant Superintendent; Rhonda Peterson, Director of Curriculum; Karl Vilamaa, Architect; Barbara Snyder, Board Secretary; Brian McKinney, Kevin Harvey and Tom Tuche, Board Members; Chris Speckman, Reporter; Mark Cox, Board President; Karl Sturbaum, Bose McKinney and Steve Meno, Fifth Third Securities.

Project: This project will add 11,663 square feet to New Palestine Elementary. The new construction will add a new cafeteria to the current elementary structure. In alignment with the present, small cafeteria space, the school currently has six lunch periods that run from 10:45 a.m. to 1:15 p.m. A 900 foot storage area will be added to the existing gym at New Palestine Elementary to accommodate the storage of physical education equipment. The present cafeteria will be renovated into a special education suite to accommodate the severe and moderate disabilities students who have previously been educated off-site in Greenfield, Indiana. The present media center is to be renovated and expanded into an adjacent room and an existing room will be equipped as a new computer lab. Presentation stations will be added to the fourth and fifth grade classrooms at New Palestine Elementary, Sugar Creek Elementary, and Brandywine Elementary.

The Central Office will be expanded by 3,915 square feet. This new space will provide additional office space and will provide space for a centralized technology hub for the School Corporation. When the central office was constructed it housed five employees. As of this time, eleven employees are housed at this location. All available space is utilized. The former workroom has been turned into an office and equipment formerly stored there is now being housed in the board room, hallways, and in a small kitchen/break area in the central office facility.

A hydraulic stage lift will be installed in the Auditorium at New Palestine High School. Currently, it takes two employees five hours to manually uncover the orchestra pit when being used for student musical events and productions. The same amount of time is needed to return the stage to its normal position. In addition to and because of the man hours needed to uncover and recover, the pit is left open until the even/presentation is complete. This is a safety issue in that the eight foot deep orchestra pit could be open for up to two weeks or more, with students in and out of the Auditorium for practice, prop work, etc.

Comments: Bob Yoder, Assistant Superintendent, said they are requesting a lease rental agreement in the amount of \$5,145,000. The project is in alignment with the facility and renovation needs, as determined by a Community Facility Study Committee, to provide space for the growing student enrollment and employee base. The project is part of the findings of a study committee's ten year master facility plan that addresses long-range educational facility, instructional, and technology needs, as well as the projected student enrollment growth. The committee consisted of over 40 school patrons and community members, with representation from area newspapers. The meetings were open to the public and were advertised in the local newspapers. The group participated in tours of all the current facilities and each building staff had an opportunity to present the current and future needs of their facility. They are asking for a bond issue with a term of 17 years and maximum annual rental payments of \$498,000. If bids and interest rates drop they will shorten that as much as possible.

The project consists of a 10,763 square feet cafeteria addition at New Palestine Elementary. The present cafeteria is 4,045 square feet and requires six lunch periods in order to serve the current enrollment. The space housing the present New Palestine Elementary Cafeteria will be remodeled into a Special Education Suite to serve the severe and profound disability students, who are currently served in Greenfield, but will move back to Southern Hancock, the home district, when appropriate space is available. The New Palestine Elementary Media Center will be renovated and expanded into an adjacent classroom. A new computer lab will be created in another area of the building. The project will provide security at the front entrance at New Palestine Elementary, by enclosing existing open spaces, which currently permit access to all parts of the building from the front door without office check-in. The project will provide updated technology at New Palestine Elementary and will provide a gymnasium storage area to eliminate the safety issues resulting from physical education equipment and supplies currently being accessible to all students/groups using the gym. The project also includes the installation of Presentation Stations in all fourth and fifth grade classrooms. This installation is in alignment with Grades 4&5 Indiana Department of Education Standard #7, "Listening and Speaking Skills,

Strategies and Applications.” The Presentation Stations will enable teachers to present lessons in a more efficient, engaging, and visually stimulating manner.

The project at New Palestine High School includes the installation of a hydraulic stage lift in the New Palestine High School Auditorium. It is a safety issue to have an open orchestra pit for an extended period of time. The process to close and open the orchestra pit is time consuming and a dangerous job for the district’s Maintenance Department. It currently takes approximately eight man hours to open and/or close the pit. Therefore, the area is left open during the complete time that the design/set work and practices are underway; thereby, creating an unsafe situation for students and employees.

Included in the 3,915 square foot central office expansion is a Technology Hub that will provide for better management and better security of the computer network. It will provide higher bandwidth and more control of filtering and environmental factors. As well, it will allow the district to save on head end equipment in five buildings. The project also includes an expansion for additional work space at the central office.

Southern Hancock School System has grown from 2,567 in 1996 to 3,342 in 2006. The 2007-2008 ADM is up 85 students. Hancock County is a growth area for the Indianapolis Metro region. There are 638 approved single family building lots available in the school district. There are an additional 443 building lots currently being planned. Not a single person was present to express concern about the project at the 1028 Hearing and/or at any board meeting at which the project has been discussed and planned. No taxpayer filed a petition for remonstrance. There was unanimous school board support for the 10-year Facility Plan and for the current phase of the project. The 2007 Assessed Value for the school district is \$854,469,045. The project falls within the Department of Local Government Finance’s threshold, with the exception of the NPE cafeteria, which is over by \$2.49 per square foot due to approximately \$300,000 worth of kitchen equipment. The project meets the needs for the Southern Hancock Schools with only a slight/minimal tax impact.

Mr. Mills asked how they justify using a seventeen year term to finance purchasing computers which only have a life of three years. Mr. Yoder said their patrons have high expectations for technology and for what they provide for their students. This is the only means they have providing this equipment.

Mr. Besinger asked what the \$315,000 for technology in their CPF is used for. Mr. Yoder said that is for the current technology staff and the repairs that are sent out. They also spend about \$600,000 on new computers each year. Mr. Besinger asked what the \$675,000 for purchase of mobile or fixed equipment is used for. Mr. Yoder said the buildings have equipment budgets that come out of CPF. The \$615,000 is for computer equipment and then about \$300,000 is for building, maintenance and copier equipment for a total of \$949,000 in the 2008 CPF for equipment. Mr. Besinger said that amount plus fringe benefits adds up to quite a bit of money, some of which probably could have been used for this project. Mr. Yoder said part of the problem is they use \$500,000 for utilities, \$200,000 for emergency allocation and \$900,000 for repairs. Also, part of the 2008 plan is to build a new transportation facility. Mr. Besinger asked what the \$170,000 in service contracts is for. Mr. Yoder said that is for an energy savings

contract they entered into three years ago. They spent about \$1.2 million on renovating the HVAC systems and it gets paid back over ten years with the savings they realize.

Mr. Mills asked who the architect was when they designed the stage the first time around. Mr. Yoder said they had a lift in the plan the first time, but patrons objected during the planning phase so they took it out.

Dr. Seger asked if the presentation stations are included in the equipment list for New Palestine Elementary School. Mr. Yoder responded yes, there are ten of them included in the technology list.

Mr. Umbaugh said they have the ability to issue about a million dollars in general obligation bonds and asked if they gave any consideration to using that to offset capital interest costs. Mr. Yoder said they are a growing school corporation so they are saving the bonding capacity in case it becomes necessary to build additions in the future.

Mr. Nemeth asked if any patrons objected to the stage lift this time. Mr. Yoder said no, people realize they have a serious liability issue. Mr. Nemeth asked Mr. Speckman, local reporter, what his take is on the community's feelings about the project. Mr. Speckman said he is just here to observe the process and the project seems to have been well received by the community. Mr. Nemeth asked if the project has received coverage beyond the legal advertising requirements. Mr. Speckman said they have been covering the project since day one so the information has been made available to everyone. The Superintendent said they notified all local media when they began public discussions of this project. Mr. Nemeth asked when their last public meeting was. Mr. Yoder said it was the 1028 hearing which was in August. Mr. Nemeth asked what their tax situation is like. Mr. Yoder said they have been very cognizant of taxpayers. The 2007 tax rate is \$1.62 and five years ago it was \$1.58. Mr. Nemeth asked if tax bills have gone out. Mr. Yoder said they have already received their first tax check. Mr. Nemeth asked what their fiscal situation is. Mr. Yoder said they had to borrow this year due to getting their tax draw late, but up until this year they had not had to borrow. Mr. Nemeth asked if they have a cash balance. Mr. Yoder said yes, they have a cash balance in their general fund.

Mr. Bowen asked when they expect to hit the full capacity of 790. Mr. Yoder said they hope they are eight years away on that. Mr. Bowen said he finds the addition and renovation a very conservative approach providing they do see the growth the project. Mr. Yoder said they have always tried to be conservative. They have nice facilities, but they are not elaborate.

Mr. Besinger asked if they discussed how they use CPF in the public meetings. Mr. Yoder said they spent two hours going through budgets and the different financing options available. Mr. Besinger asked if the public would rather pay interest than pay for this out of CPF. Mr. Yoder responded yes, the public understands the need for this project.

Mr. Mills said there has been a complete pervasion of the Capital Projects Fund. They are using it to fatten the budget and he cannot support a project when they are using CPF monies for operating expenses.

Mr. Umbaugh asked if the property tax rate impact will be negative. Mr. Meno said that at the 1028 hearing they presented the tax impact as it would be for this project alone, but because they have other debt coming off the debt service rate should be coming down.

Mr. Nemeth asked where the Department of Local Government Finance is with Public Law 224 regarding not approving bond issues without sufficient repayment.

Mr. Besinger said schools often come in saying the tax rate is staying the same or going down a little, but they fail to mention that AV is going up. Mr. Meno said they assumed 4% growth, which is lower than what they have been experiencing.

Mr. Mills asked how much growth is real growth and how much is value growth. If AV goes up on a house 20% that is not real growth, that is inflation, and you will pay taxes on the inflation. Farm land is going up from \$850 to \$1,250 next year and that is no more farm land.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$498,000 for 17 years. Mr. Umbaugh seconded the motion, which favorably carried 5-3. Mr. Mills, Mr. Samuel and Mr. Besinger cast the dissenting votes.

Tipton Community School Corporation, Tipton County: Officials request approval of a lease rental agreement with maximum annual payments of \$527,000 for a term of 21 years. Total project costs are \$5,000,000. The tax rate impact is \$0.0840 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process.

Present for the hearing was Bob Schulte, Superintendent; Dave Bergdoll, Assistant Superintendent; Karen McKinney, School Board President; Anna Marie Burrell, Mary Ellenwolf and Tom Ning, Architects; Dave Wimmer, Financial Advisor; Jeff Qualkinbush, Bond Counsel and Jim Manak, Construction Manager.

Project: Tipton High School was built in 1961 and is well maintained considering its age and use. Regular Maintenance and repair is an increasing expense and concern with the age of the building. With the addition of new technology in most areas of the building, future site adaptations and renovations are a priority. Tipton Middle School has been well maintained since students occupied the facility in 1972. The major needs pertain to routine replacements/maintenance, upgrading of technology, and furniture replacement. The new and renovated portions of Tipton Elementary School are in excellent condition. Furniture is being replaced in older sections of the building. The major needs pertain to routine replacements/maintenance. The Tipton Community School Corporation Administration Building is in generally good shape after completion of renovations in 2000. Eventual construction of a new administrative facility is planned.

Comments: Bob Schulte, Superintendent, said people have been shocked that taxes did not go up more in Tipton County. This project has been in the works since the 1993-94 school year. A feasibility study was conducted and the first priority was to consolidate the three area elementary schools into one facility. Second priority was to take care of any other academic needs such as science labs and media centers. The third and final piece was replacement of an antiquated transportation facility. They delayed this project to coincide with a \$6.5 million debt that will be retiring at the end of 2007 so taxpayers will not see a rate increase as a result of this project. The current transportation facility was constructed in 1973. As the school corporation's needs have changed their needs have grown considerably. The current transportation facility is in a very dangerous location. They would like to add a fueling station to participate in cooperative purchasing. The largest single investment in Tipton County is the Chrysler plant and will easily double the AV of the county. There are 1,200 jobs planned so they are expecting to see growth from that. In the transportation budget 91.4% of non-salary expenses are purchase services. They would like to be able to do those repairs themselves on site. In looking at 2006-07 fuel prices they could have saved \$8,000 to \$10,000 in fuel costs by using bulk purchasing practices. The facility will have two access doors.

The second part of this project will transform the existing transportation center into a warehouse. They are committed to cooperative and bulk purchasing. They have been one of six members of the East Central Indiana Natural Gas Cooperative. They will be able to purchase all types of supplies in bulk. These projects have been in the forefront of the community since the 1990s. They held off on this project to keep from raising tax rates. There were no negative comments and no requests for remonstrance petitions. The financing has been very carefully planned to coincide with existing debt that is being retired. They expect to see AV growth due to the Chrysler plant coming to the area. They feel a one cent increase in the tax rate is very conservative. The bonds will not exceed \$5 million and will have a term not to exceed 21 years. They would like to see this project approved by November to reduce interest costs incurred.

Mr. Besinger said the cost per square foot is \$319.35. The Superintendent said it is a very small, concentrated facility. They also have to run utility lines to the facility, the cost of which is included in the cost per square foot. There is a lot of integrated plumbing and electrical work that is required. Also, the equipment required to do their own work is expensive. Mr. Besinger asked if this is a one story building. The Superintendent said yes, one end of the building is for office space, the next section is for storage, and then there are four bays with doors.

Mr. Bowen said the problem is the board was not provided enough information to make judgments about this building. They need floor plans, renderings or construction cost estimates, but they received none of that. The Superintendent said Tipton County has a very high water table so they have to install heavy duty pavement. The square footage cost of the project is \$158.63 for the building and fixed equipment inside. There are two site packages that drive the costs up. Mr. Bowen said it sounds like there are more disadvantages than advantages to building the facility on this piece of land. The Superintendent said the school corporation owns another piece of land to the south, but it is subject to flooding. This is a safe and secure location. Mr. Bowen said he thinks he needs more information to make a decision.

Mr. Mills said this is costing \$135,000 per bus and is going to raise transportation costs by 40%.

Mr. Besinger asked how much the blacktop costs per square foot. They said they are putting in a total of twelve inches of blacktop with four inches of top asphalt. The Superintendent said they had to dig down nine feet at the elementary school to find soil firm enough to put the blacktop on.

Mr. Bronnert said many businesses and other school corporations are outsourcing to save money, but they are saying they can save money by doing the work in-house. The Superintendent said the key is to find a balance between the two. A big piece of this project is building a warehouse space so they can take advantage of bulk purchasing.

Mr. Bowen said he would like to see a complete cost estimate broken down into the areas they have been talking about, a site plan, a floor plan, an equipment list and the cost projections that indicate this is a more cost effective option.

The Superintendent said delaying a decision by a month will drive costs up. Mr. Qualkinbush said they need to issue bonds by the end of the year so they will have a levy on the 2008 budget order.

Motion: Mr. Bowen made a motion to delay the review of this project until October 4, 2007. Mr. Nemeth seconded the motion, which favorably carried 8-0.

North Knox School Corporation, Knox County: Officials request approval of a lease rental agreement with maximum annual payments of \$137,000 for a term of 15 years. Total project costs are \$1,900,000. The tax rate impact is \$0.0541 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Joe Adams, Superintendent; Sandy Beaman, Business Manager; Dave Wimmer, Financial Advisor and Jeff Qualkinbush, Bond Counsel.

Project: At North Knox High school the project will finance renovation and equipping of the wellness center, the installation of equipment for Project Lead and the installation of equipment in the science lab. At North Knox East Elementary and Junior High School the science labs, cafeteria and sidewalks will be renovated. At North Knox Central Elementary School the HVAC system will be replaced and the facility will be re-roofed. At North Knox Elementary school components of the HVAC system and the sewage plant will be repaired or replaced and the facility will be re-roofed. Technology equipment will be installed and sidewalks will be repaired at all facilities operated by the School Corporation.

Comments: Joe Adams, Superintendent, said this project began back in 2004 with an in-depth study of school facilities. The project consists of the replacement of roofs, sidewalks and science labs at the junior high. There has been no public opposition to this project. They are requesting QZAB bonds not to exceed \$1,900,000 with a term not to exceed sixteen years. Based on their

2006-2007 AV of \$272,325,250 they estimate the maximum debt service tax rate impact will be five cents. The school board believes now is the time to move forward with these much needed projects.

Mr. Bowen asked them to explain how they are doing the roofing and HVAC projects with no professional services expenses. Ms. Beaman said she has contacted two companies for estimates. They have told her the cost will be between \$10-15 per square foot depending on the amount of damage. Mr. Bowen asked what procedure they will use to get bids. Ms. Beaman said they will have an architect and have specifications. They are not to that point yet because they do not know if the money will be there. Mr. Bowen asked about the HVAC project. Ms. Beaman said they are working with Seaman's Corporation. They have worked with them in the past so they do have some specifications and ongoing prices. Mr. Bowen asked if it is an energy savings project. Ms. Beaman responded no, it is just an upgrade of some things that after thirty years are failing.

Dr. Seger asked if professional services will be paid out of CPF. Ms. Beaman responded no.

Mr. Besinger asked why CPF has not been used for taking care of some of these projects. Ms. Beaman said 37% of their CPF goes toward paying for an energy savings contract, 34% goes to utilities, and 10% goes to maintenance agreements, leaving 19% for computers, repairs and emergencies. They are only able to levy \$945,000 annually and have four buildings they have to maintain. Mr. Besinger said if they paid the 34% for utilities out of general fund they would have a significant amount of money available for maintenance. Ms. Beaman said they still pay a portion out of general fund. Mr. Besinger said even though they are allowed to pay utilities out of CPF it is not always a good business decision.

Mr. Umbaugh said the amortization schedule shows maximum annual lease rental payments of \$137,000 with the last annual payment being \$141,000. Mr. Wimmer said the last estimated debt service schedule provided was a bit higher than original estimates. The school corporation is well aware that annual payments must be \$137,000 or less. Mr. Umbaugh asked if the school corporation's current debt service rate is seven cents. They responded yes. Mr. Umbaugh asked what the estimated total debt service rate will be. Ms. Beaman said they were one of the pilot schools for using a fiscal year budget. In 2004 they went back to using an annual budget. To get through the six months they had to do additional appropriations. When the additional appropriations were approved they had excess cash in the 2007 budget which lowered their tax rate. Next year the tax rate will go up because the cash will not be there.

Mr. Nemeth asked if tax bills are out. Ms. Beaman responded yes, they have received their first tax draw. Mr. Nemeth asked what their current fiscal situation is. Ms. Beaman said they have paid all of their bills on time. They are very conservative and only buy what they need. Mr. Nemeth asked if this project was advertised locally. Ms. Beaman said their board members carried the petitions for this project and they had no problem getting the required signatures. Mr. Nemeth asked if they have been transferring to their rainy day fund. Ms. Beaman said the only transfer she has done was the very first time to set up the fund. There is about \$400,000 in there right now. Mr. Nemeth asked if this project will take care of everything and they will not be coming back. Ms. Beaman said if they have the opportunity to receive QZAB again she will

come back. The roofs are their main concern at this time because they are sixteen years old. Mr. Nemeth asked if they have any present plans to come back in the next several months. Ms. Beaman responded no.

Mr. Bronnert said they understand that conservative school corporations run out of money. Mr. Bronnert asked what their overall tax rate is. Mr. Beaman said \$1.71.

Mr. Bowen asked if they are they are still doing the project LEAD at the high school. They responded it is in progress. Mr. Bowen asked what project LEAD is for. The Superintendent said it is the state's funding of computers for science and English. Mr. Bowen asked if the equipment is part of this money. They responded yes, but their priority is the roof. Mr. Bowen said it would be nice to see a cost breakdown for all of this.

Motion: Dr. Seger made a motion to approve a lease rental agreement with maximum annual payments of \$137,000 for 15 years. Mr. Umbaugh seconded the motion, which favorably carried 5-3. Mr. Mills, Mr. Samuel and Mr. Besinger cast the dissenting votes.

Smith-Green Community Schools, Whitley & Noble County: Officials request approval of a lease rental agreement with maximum annual payments of \$445,000 for a term of 11 years. Total project costs are \$1,950,000, with \$400,000 from the Capital Projects fund. The tax rate impact is \$0.1320 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote and Indiana's AFL-CIO Representative absent. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Carol Kaiser, Superintendent; Lynn Leininger, Business Manager; Jim Elizondo, Financial Advisor; Doug Copley, Engineer and Jeff Qualkinbush, Bond Counsel.

Project: The Smith-Green Community School project will repair and replace the majority of the roof surfaces on the school building. The school building houses K-12 students and is segregated into the Churubusco Elementary, the Churubusco Middle and the Churubusco High Schools, all within the same building. Twenty-five roof surfaces (166,237 square feet) will be replaced. One barreled roof surface (16,440 square feet) will be restored. The remaining seven roof surfaces are in good condition and will remain as is.

Comments: Carol Kaiser, Superintendent, said the projects grew out of a feasibility study conducted several years ago. This is the second phase of the roof replacement plan that was begun three years ago. The first phase was done with CPF, but they are unable to accumulate sufficient funds to pay for this portion of the project. The remaining 183,000 square feet of roof are almost twenty-five years old and are in very poor condition. Below the roof structure is finalic foam, which has been found to cause devastating damage to structural metal decks when wet. This project will repair all of the metal decking and replace all roofs that were not replaced in 2004. They expect this roof to last for twenty years. The board and community recognize the urgency of this project. There has been no opposition. The building corporation will issue bonds in an amount not to exceed \$1,550,000, which together with \$400,000 they have accumulated in

CPF will pay for all the costs of the project. A term of five years was chosen to minimize interest costs without any increase in the 2006 debt service tax rate.

Mr. Mills asked who is responsible for the first page of the Hearing Information Sheet. Mr. Qualkinbush said the community and the board had two financing options available to them. 2006 is the last year they have full debt service repayment, so they would like to take the tax rate back up to where it was in 2006. Doing this would represent a payment of \$445,000 per year for a term not to exceed five years. The other option would have had lower lease payments over eleven years. At the lease hearing they decided to go with the five year term because it would produce a debt service rate equal to that in 2006. The Hearing Information Sheet was filled out to show the two worst options. Mr. Mills said the form stated they were requesting \$445,000 for eleven years.

Mr. Besinger said those things should all be done before they set up the Control Board meeting. All of the voting should be finished before they turn in the forms. Mr. Qualkinbush said they are trying to not have any capitalized interest, they have to thirty days between the first determination and the public hearing and the Control Board only meets once a month. They would love to have final information, but timing does not always work out that way. Mr. Besinger said they can find out what dates the Control Board will be meeting and work back from that to determine when things need to get done. Mr. Besinger said he commends them for taking \$400,000 out of CPF. If they used CPF for what they should be they probably could have paid for an even larger share.

Mr. Bronnert asked if they have a long range plan. Ms. Kaiser said their main concern is the roof. The board is currently looking at a fifteen year plan. Mr. Bronnert asked if it is correct that their enrollment is following a declining trend. Ms. Kaiser responded yes. Mr. Bronnert asked how many school buildings they have. Ms. Kaiser said all of their schools are under one roof.

Mr. Nemeth asked if this will finish all of the roof renovations. Ms. Kaiser responded yes. Mr. Nemeth asked if they will be coming back for anything else. Ms. Kaiser said no. Mr. Nemeth said they had some very specific costs for the roofs and asked who will be doing the work. They said this is through a service center so they have exact numbers. Mr. Nemeth said they have had some issues with service centers in audits and his vote will reflect that.

Mr. Bowen asked if they will use a local contractor. They responded yes. The service center will oversee it. Mr. Bowen asked if it has to be a Trimco roof. They said not necessarily.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$445,000 for 5 years. Dr. Seger seconded the motion, which carried 4-4. Mr. Mills, Mr. Nemeth, Mr. Samuel and Mr. Besinger cast the dissenting votes.

North White School Corporation, White County: Officials request approval of a lease rental agreement with maximum annual payments of \$408,456 for a term of 8 years. Total project costs are \$3,103,420, with \$40,000 from the Capital Projects fund. The tax rate impact is

\$0.0429 with no new facility appeal expected. The common construction wage scale does not apply for this project. There was no application for a petition and remonstrance process.

Present for the hearing was Patrick McTaggart, Superintendent; Nate Day, Financial Advisor and Jeff Qualkinbush, Bond Counsel.

Project: This project is a transfer of payments from the Capital Projects Fund to the Debt Service Fund.

The original project included replacing all of the heating plant and support lines for the MS/HS facility, which were 27 years old. This system was replaced with dual temperature piping and a chiller was added to the system to handle the air conditioning needs of the building. Prior to this upgrade the building had no air conditioning. The roof was also replaced and additional insulation added before the new roof was laid.

Comments: Mr. McTaggart, Superintendent, said they are requesting to enter into a lease for the purpose of transferring their energy savings contract payments to the debt service fund. In 2004 the school board began exploring consolidating their three elementary schools into one facility. The community was opposed to the idea, so the board shelved the consolidation plan. Over the past two years the board has met with community groups to discuss consolidation, but no consensus has been identified. Maintenance costs have continued to increase, stretching the CPF to the point they have no money to address any maintenance at school facilities. In looking at ways to free up money in their CPF plan they learned the DLGF had allowed at least two school corporations in the past to shift energy savings projects for CPF to the debt service fund. The DLGF required those schools to go through the 1028 process. In 2005 they entered into a guarantee energy savings contract for a project at North White High School. They are currently making semi-annual payment from CPF in the amount of \$409,000. The board passed a resolution to transfer the payments to the debt service fund and there has been no opposition from the public. As a result of the shift of payments the debt service tax rate will increase a little more than four cents only in the first year. Because of debt coming off the debt service rate is expected to decrease after the first year.

Mr. Mills said page twelve of the Hearing Information Sheet shows an AV of \$268 million and another sheet shows \$410 million. Mr. Day said the \$410 million is correct and the other amount was a mistake. Mr. Mills said he is in favor of sending all of the projects with mistakes back until they can get correct information. Mr. Day apologized for making the mistake and said the tax rates shown on page twelve are correct.

Mr. Bowen asked when the project was performed. Mr. Qualkinbush said 2005-2006. It was completed in August of 2006. Mr. Bowen asked if the contract has been paid in full. They said yes. Mr. Bowen asked if audits have been done since the completion of the project to show the energy savings have occurred. They said the second audit will be done by Performance Services in October of 2007.

Mr. Besinger asked what they do with the money they save on utilities. Mr. Qualkinbush said one of the savings that are allowed is stipulated savings. The savings are not utility costs, but are capital cost avoidance savings.

Mr. Nemeth asked when they entered into the contract in relation to the change in statute relating to stipulated savings. Mr. Qualkinbush said they entered into the contract in 2005. This was after the change in the law that occurred in 2003.

Mr. Bowen asked what they intend to do with the \$415,000 that will be freed up in their CPF. The Superintendent said they are looking up updating the HVAC systems at two elementary schools. Mr. Bowen asked if they would do that through an energy savings program. The Superintendent responded yes. Mr. Qualkinbush said they would probably have to do that through a bond issue.

Mr. Mills asked what their CPF receipts are. Mr. Day said CPF brings in between \$615,000 - \$700,000 per year. Mr. Mills said a rate of twenty-five cents on an AV of 400million would bring in a million dollars. Mr. Day said they do not have the final tax bills out for this year. Mr. Mills asked what they are planning to do with the million dollars. Mr. Day said they are accumulating money for future HVAC upgrades. Mr. Mills asked what they are using the other \$600,000 for. Mr. Day said this is the first year they have accumulated this much money, but in the past they have used CPF for maintenance, technology and some salaries.

Mr. Besinger said they are still taking from one fund and shifting payments to another fund. They are not controlling spending.

Mr. Umbaugh said they did not project an increase in AV for 2008, 2009 and 2010. Mr. Day said they did not project an increase.

Mr. Mills asked what will happen with the \$200 per acre increase in AV for farm land in Lake County. Mr. Day said on the last page of financial information they used median and average size farms and showed the current AV is \$88,000 for 100 acres. They included the \$200 extra farm land assessment into their projections and showed the monthly increase for 100 acres is \$4 and for 200 acres is \$8 at the new assessment values. They took this into account for the information they presented to the public. With the amount of farm land in White County this will probably increase AV, but they did not project an increase in AV with their numbers. North White has a very educated public, so no one speaking in objection shows they really are comfortable with this project.

Mr. Bowen asked what the advantage is to doing this now and then taking that same \$415,000 for another energy savings contract next year. Mr. Qualkinbush said they always have to assume that interest rates are going to go up. When they entered into the energy savings contract in 2005 was the same time they were discussing consolidation. They decided this was the best use of the money at the time. Mr. Day said they do not have to pay interest on the \$415,000.

Mr. Nemeth said they have had some overdrawn funds over the past few years and asked if they have gotten that all straightened out. The Superintendent said they are in good shape now.

Mr. Bronnert asked how many school systems White County has. They said four: Frontier, North White, Twin Lakes and Tri-County. Mr. Bronnert asked if generally speaking White County is not growing. The Superintendent said that is true. Mr. Bronnert asked why county wide consolidation is not being well received. The Superintendent said they have applied and been approved for a \$25,000 grant from DOE for the schools to look at consolidation of services. They are currently in the process of conducting that study to see where they can save money.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$408,456 for 8 years. Mr. Bronnert seconded the motion, which denied by a vote of 3-5. Mr. Mills, Mr. Nemeth, Mr. Bronnert, Mr. Samuel and Mr. Besinger cast the dissenting votes.

Union North United School Corporation, Marshall & St. Joseph County:

Officials requested approval of a general obligation bond issue in the amount of \$960,000 with a term of one year. The total project cost is \$960,000. The tax rate impact is \$0.2763 with no new facility appeal expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote and the Industry Appointee named by the Awarding Agency voting nay. The project does not qualify for the petition and remonstrance process.

Present for the hearing was Larry Phillips, Superintendent; Curt Pletcher, Umbaugh and Thomas Peterson, Ice Miller.

Project: Over the past two years the Corporation has addressed needed upgrades and improvements at both facilities. The current request will address additional needs at the Jr./Sr. High School facilities and the purchase of adjacent land for future growth. The project will focus on needed repairs, improvements, and other equipment upgrades that cannot be currently funded through the Capital Projects Fund maximum levy. The School and community are currently evaluating long-term options that will provide the relief from overcrowding at the Elementary and High School facilities.

The Union-North United School Corporation currently has one elementary building (K-6) and one Jr./Sr. High School (grades 7-12). The Elementary Building was built in 1984, and is in very good condition, but has outgrown its present capacity. The School Corporation currently utilizes four modular classrooms that house the entire 6th grade student population. The modular units were purchased and installed in 1999 as temporary classrooms. In addition, one computer lab is currently located in a storage room.

The Jr./Sr. High School Building was built in 1964, and has had one addition in 1983, and is in good condition. Two modular units are currently used to house three special education programs. While both modular units are ramped, there is no enclosed connection between the High School and the temporary units.

In addition to the current space requirements at both facilities, there are four planned residential developments (512 homes) which are estimated to house 150-200 school-aged children in the near future. To address the overcrowding and projected growth in enrollment, the School Corporation is currently developing a long-term solution to upgrade and provide adequate academic space and learning environment for the students.

HVAC system	\$500,144
Land	\$100,000
Water filtration system/plumbing	\$129,000
Generator	\$193,856
TOTAL	\$923,000

Comments: Larry Phillips, Superintendent, said Union North is a consolidated school corporation located between Plymouth and South Bend. They are a growing school district. They are growing too fast in the sense that facilities are limited in what they can offer. They have about 1320-1360 students this year. They have been offering full day kindergarten at no charge because it is a priority for them. The junior/senior high school was built in 1965. It is out of space so they are currently utilizing two portables. The elementary school was built in 1982 and utilizes four portables which house the entire sixth grade population. For a number of years they have not been diligent in taking care of facility needs. This request is for a \$960,000 GO bond with a term of one year to finish the second part of a project started this year to upgrade the HVAC system in the high school. The 1960 boiler system was replaced. They have upgraded about 50% of the facility, but still have 50% to go. They would like to purchase land and are asking for \$100,000 for that. The cost of the land is anticipated to be around \$130,000, but they will pay for the remainder with CPF money. They have also budgeted about \$134,000 in CPF for the control system for the HVAC upgrade. All plumbing fixtures are from 1965 and need work. The generator is for back-up power for the high school.

They are a rural district between Marshall and St. Joseph County. They are working hard on ISTEP scores. They do not have the space to house their preschool special education program. Their free and reduced lunch population is increasing. ADM is up 61 students from last year. They will be bursting at the seams within two or three years. They will be looking at building a 5-8 facility in the near future.

Mr. Pletcher said the AV is up for 2007 about 7.87%. They are looking at about the same debt service rate. A 2006 bond issue for \$905,000 has since been retired. Those funds were used for upgrading the infrastructure at the existing junior/senior high. This request is to finish those upgrades. The superintendent said they do not want to pay for these issues in the future so they are using one year terms for upgrades.

Mr. Bowen asked when they were in for the HVAC issue. The Superintendent responded one year ago. Mr. Bowen asked if this additional \$500,000 is because the project came in over the estimate. The Superintendent said they only had one estimate. The price was well over a million dollars, which is double what they initially thought it would cost. Mr. Pletcher said it was a phased project. This money will complete the project. Mr. Bowen said he does not understand

the purchasing system they used. Mr. Bowen asked who designed the HVAC system. The Superintendent said the vendor who gave the original estimates never bid for the project.

Mr. Besinger said they need to be prepared and not make mistakes with cost estimates when they propose these projects. The school corporation has good financials and low debt. Mr. Besinger asked if they ask for the maximum rate on their CPF. Mr. Pletcher said the cap on the 2007 rate is twenty cents and they used 11.87 cents on the 2006 certified rate. The total budget is about \$950,000, of which 70-80% is spent on building improvements, maintenance and technology.

Mr. Mills said page eleven shows a CPF rate of 11.5 for both years. Mr. Pletcher said the certified rate came in after submission of the form.

Mr. Nemeth asked what their fiscal health is like. The Superintendent said they have been able to live within their means. This year has been difficult, but they were able to move some cash forward and Marshall County gave them an advance. Mr. Nemeth asked if they made a written request for money to St. Joseph County. The Superintendent responded yes, but they have not received much of a response at all. Mr. Nemeth asked if they have a rainy day fund. The Superintendent replied no.

Mr. Bowen asked if they will have to bid this again. The Superintendent said Trimco and Delco guaranteed the price will be the same for this portion. Mr. Bowen asked if those companies will do the work. The Superintendent said yes, if this request is granted. Mr. Bowen asked if they have bid the work. The Superintendent said they bid the initial project, but that had to be scaled back because of costs. Mr. Bowen asked if they extended their bid with no penalty. The Superintendent said there has been no penalty.

Mr. Mills asked if generators are common practice in schools. The Superintendent said their elementary school has one.

Mr. Besinger asked why they could not delay purchasing the generator for a few years to accumulate money in CPF to pay for it. Mr. Pletcher said the community has been looking at different size projects for the future and the possibility of using CPF money to help offset those costs.

Motion: Dr. Seger made a motion to approve a general obligation bond issue in the amount of \$960,000. Mr. Bronnert seconded the motion, which carried by a vote of 8-0.

South Ripley Community School Corporation, Ripley County: Officials request approval of a lease rental agreement with maximum annual payments of \$1,540,000 for a term of 22 years. Total project costs are \$19,538,135, with \$2,773,135 from the Capital Projects fund. The tax rate impact is \$0.2678 with a new facility rate impact of \$0.0169 expected. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. There was no application for a petition and remonstrance process. The construction cost per square foot of the addition to South Ripley Elementary School is 17.37%

below the DLGF baseline. The construction cost per square foot of the addition to South Ripley Jr./Sr. High School is 16.88% below the DLGF baseline.

Present for the hearing was Ted Ahaus, Superintendent; Lana Miller, Business Manager; James Miller, School Board President; Hal Kovert and Donal Neal, Kovert Hawkins Architects; Damian Maggos, City Securities and Thomas Peterson, Ice Miller.

Project: This project consists of additions and renovations to South Ripley Jr./Sr. High School and an addition to South Ripley Elementary School.

A 2005 Learning Plan outlined numerous deficiencies in the South Ripley Jr./Sr. High School facility, constructed in 1966 with a subsequent addition in 1990. This learning plan and facility review was the base line for a thorough follow-up evaluation of the existing building components and the educational environment. The project goals are:

- Modifications to the 41 year old facilities to adapt to changing current and future educational needs.
- Safety and security improvements.
- Segregation of educational spaces and students between 7-8 Jr. High and 9-12 High School.
- Energy conservation upgrades and related engineering systems modifications for improved environmental control.
- Replacement of space lost due to lease cancellation
- Enlargement of Kitchen/Cafeteria for shorter lunch times and improved schedule flexibility.

Science classrooms will be enlarged and completely renovated to current style teaching standards. One more science classroom will be added. The present Media Center is severely undersized for the student population. The facility will be doubled in size and completely renovated. A major goal identified in the Learning Plan was the separation of the Junior High students from the High School students. This project will provide that separation for over 90% of the time during a normal school week. A total of 16 new academic classrooms will be created as a result of this project. Building components will include concrete foundations and floors, masonry block for both structural and non-minimum 20-year warranty, HVAC systems with programmed controls to minimize energy consumption, particularly when the building or areas are unoccupied. Site work includes relocation of some utilities, expanded parking and drives. The proposed project will result in a facility capable of providing a full Indiana Education curriculum for students 7-12 equal to those found throughout the state. In conclusion, the proposed work is anticipated to serve this community for the next 25 years.

A 2005 Learning Plan recommended the South Ripley Elementary School facility, constructed in 1991, be expanded to provide additional space for all-day kindergarten. The project goals are:

- Provide additional space for all-day kindergarten.

A total of four new kindergarten classrooms and one intervention room will be created as a result of this project. The existing site, building mechanical and electrical systems and support spaces are adequate to handle the addition.

Comments: Ted Ahaus, Superintendent, said South Ripley is a rural district that comprises the southern half of Ripley County. Present enrollment in grades K-12 is 1,320 students. The school corporation occupies two buildings. The K-6 facility was opened in 1991 and the 7-12 junior/senior high was built in 1966. The 1966 building is in dire need of updating and expansion to bring it to the level required for modern education. The elementary needs additional classrooms so they can accommodate full day kindergarten. The school corporation began planning for a building project back in 1995. At that time they began putting \$220,000 of CPF monies aside annually, for a total of \$2,623,135 available today for this project. They have been looking at shared services and consolidation with other school corporations in the county since 1997. When that possibility was rejected the Superintendent at the time proposed an \$8.3 million renovation project, but it was defeated through the remonstrance process. In January 2005 South Ripley and Jac-Cen-Del revisited consolidation. Three educational studies were initiated to examine the pros and cons of consolidation. It became clear that South Ripley was in favor of consolidation, but Jac-Cen-Del was not. At that time South Ripley elected to move forward with a renovation project. The total cost is \$19,537,500 with cash on hand of \$2,773,153 resulting in a net bond issue of \$16,764,365. The maximum tax rate impact is slightly less than twenty-seven cents. The maximum lease payment is \$1,540,000 with a term not to exceed twenty years.

The key components of this project involve upgrading the Jr./Sr. high facility. Previous school boards have elected to accumulate CPF monies over time to contribute to this project, rather than taking a piece meal approach in the past. The buildings have been well taken care of, but the Jr./Sr. high school facility was simply built over forty years ago. One thing that came out of the task force was that the community wanted a middle school. They have a hard time separating students with the current facilities. They decided to take an existing portion of the building and create a separate wing for middle school students. The current cafeteria only seats 200 people. They have a stage area in there, but the space is not sufficient for large groups of people. The task force found that people would like a stand alone auditorium, but that was not feasible. They will add a new auditoria to the existing building, creating seating for 350. Another goal is to create appropriate and adequate physical education facilities. The current gym at the Jr./Sr. high school only seats 500 people. This is the last year of the lease on the gymnasium they utilize in town. They are proposing a gymnasium that is basically a box. It will have seating for 1,800 – 2,000 and provide the space they need for physical education. Expanding and upgrading the media center is a high priority. The current building has a courtyard that they are looking to eliminate and expand into a media center and science labs. They currently have a special education is currently co-op with Milan for Jr./Sr. high and Jac-Cen-Del for elementary students because South Ripley lacks the facilities to accommodate those students. They will be adding four classrooms and a title one resource room at the elementary school to accommodate full day kindergarten.

The community has shown in the past that if they do not support a project they will shut it down. The community understands these projects are based on needs, not wants. No one has spoken against the projects. No one picked up a form to file for remonstrance. This is Mr. Ahaus's sixth year as Superintendent and he does feel the community is in support of this project.

Mr. Mills asked if they actually get 2,000 people attending basketball games. The Superintendent responded yes. They have one of the smallest athletic programs in the state so basketball is still the thing to do on Friday and Saturday nights. Mr. Mills asked if they have collapsible bleachers. The Superintendent replied yes.

Mr. Besinger asked what they are doing to improve ISTEP scores. The Superintendent said the biggest thing that is hurting their scores is special education. They are hoping this project will help with that. They have taken special education from partial inclusion and are heading towards full inclusion. They thought they would be able to expand curriculum through consolidation, but that did not happen. They only have so much staff to do remediation. Mr. Besinger asked what their ISTEP percentage passing rate would be excluding special education students. The Superintendent said it would be approximately in the mid 70s.

Mr. Bowen asked who calculated 815 as the capacity of the Jr./Sr. high facility. Mr. Kovert said part of the classrooms will be used for special education so they will only hold four or five students. Mr. Bowen asked what capacity number they used for a standard classroom. Mr. Kovert said he used twenty-five. Mr. Bowen asked if they are looking at a homeroom situation. Mr. Kovert said yes. Mr. Bowen said there is actually more capacity then. Mr. Bowen said it works out to 175 square feet per student which is slightly higher than the DLGF guideline.

Mr. Besinger asked if they are planning on future growth and will this take care of it. The Superintendent said the southern part of the county has no industrial tax rate. The planned Honda plant in Greensburg is twenty-five miles away. They are not projecting significant growth, but they do have some space for it. The larger school corporations surrounding them are growing and can offer so much more than they can. The only things they have to keep families in the area are churches and schools.

Mr. Mills asked who the major employers in the area are. The Superintendent said most of them are gone, but they used to be Cummins and Seagrams.

Mr. Besinger asked what the cost of the project would be for just the classrooms and media center since the gym seems to be being built for athletics. The Superintendent said that while the gym is for athletics it is also for physical education and the community. The gymnasium accounts for about 9.5% of the project. The Business Manager said the cost of the media center is \$600,000, the gymnasium costs \$1,850,000, the locker rooms are \$250,000, the security entrance costs \$50,000, the kindergarten classrooms cost \$1,200,000, new cafeteria costs \$1,300,000, the parking expansion will cost \$150,000 and expanding the science rooms will cost \$870,000. Mr. Kovert said the concept was to minimize the interaction between middle and high school students. The original gymnasium will be used as the middle school physical education facility so both groups can have classes simultaneously. The current cafeteria makes scheduling very cumbersome. The current cafeteria will be turned into junior high science labs. The existing cafeteria is so old that it will be more cost effective to replace it completely.

Mr. Nemeth asked what their current fiscal situation is. The Business Manager said all of their funds are very stable. They run about a 9% cash balance at the end of the year in the general fund. The only time they run in the red is when the county delays tax draws. They have not

received any tax money at this time. Tax bills were due August 31, 2007. Mr. Nemeth asked if they have received any complaints as a result of those bills. The Business Manager said she has not heard anything. Some bills went up and some went down. The Superintendent said 140 appeals have been filed. Mr. Nemeth asked if they are doing an energy savings contract. Mr. Kovert said all of the HVAC equipment will be the highest efficiency, but they are not tied to a performance energy savings project. They said they do have an outstanding contract.

Dr. Seger asked what they spend the \$220,000 for loose equipment out of CPF on. The Business Manager said they provided a breakdown for that.

Mr. Besinger asked if they transfer interest at the end of the year to the general fund. The Business Manager said they leave the interest from CPF in CPF, but they transfer any interest from other funds to the general fund.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$1,540,000 for 22 years. Mr. Bowen seconded the motion, which favorably carried 5-3. Mr. Mills, Mr. Samuel and Mr. Besinger cast the dissenting votes.